



414 Nicollet Mall
Minneapolis, Minnesota 55401-1993

June 4, 2004

Bill Storm
Minnesota Environmental Quality Board
300 Centennial Office Building
658 Cedar Street
St. Paul, MN 55101

RE: BLUE LAKE GENERATING PLANT EXPANSION PROJECT PIPELINE ROUTE
PERMIT - ROUTING ALTERNATIVES
DOCKET NO. 04-82-PRP-XCEL Blue Lake

Dear Mr. Storm:

During public meetings in the above captioned proceeding, two routing alternatives have been raised. The first alternative is a two-mile reroute between Zumbro Ave and Highway 169 that avoids several residential properties along Koeper Ave and 130th Street. The second is the concept of following Highway 169 all the way to its intersection with the Northern Natural Gas Pipeline that is the source of natural gas for our project.

The purpose of this letter is to provide our assessment of each of the two alternatives. We conclude that the short reroute between Zumbro and Highway 169 reduces potential conflicts with residential properties and support its recommendation by Jackson Township and the City of Shakopee. We also conclude that the Highway 169 option is longer and presents similar and in some cases greater impacts to those found along the proposed route as modified. Thus it presents no opportunity to reduce impacts associated with the development of our pipeline proposal.

ZUMBRO AVE. TO HIGHWAY 169 REROUTE

An alternative route for the "Koeper Avenue/130th Street" segment of the proposed Blue Lake gas pipeline has been suggested during public meetings. The March 15, 2004 route permit application shows a two-mile segment of the pipeline route parallel to a one-mile section of Koeper Avenue between U.S. Highway 169 and 130th Street and another one-mile section parallel to 130th Street between Koeper Avenue and Zumbro Avenue. Jackson Township and Shakopee officials have suggested an alternative route for this segment of the proposed pipeline. The

“Zumbro Ave. Extension Alternative” would lie parallel to U.S. Highway 169 for one mile west of Koeper Avenue and parallel for one mile to a line formed by the extension of Zumbro Avenue north from its termination at 130th Street to U.S. Highway 169. The Koeper/130th route segment and the Zumbro Extension route segment are shown on the enclosed aerial photo.

The following paragraphs compare and contrast the two alternatives. We conclude the Zumbro Extension route segment mitigates potential conflicts with several residential properties and support its selection.

Both alternatives lie entirely in Jackson Township in Scott County. Both the Koeper Ave./130th St. and Zumbro Ave. Extension alternatives pass through areas planned for commercial reserve, urban expansion, rural residential use. The Koeper Ave./130th St. alternative would run through or adjacent to at least 14 separate property parcels and pass within 200 feet of six residential dwellings. The Zumbro Ave. Extension alternative would run through or adjacent to at least 8 separate property parcels and pass within 200 feet of a single residential dwelling.

The present vegetation along the Koeper Ave./130th St. alternative is primarily managed lawns and ditched areas that are dominated by smooth brome. The Zumbro Ave. Extension alternatives is primarily agricultural, specifically corn and hay, and mowed highway right-of-way. About 500 feet of that segment alternative will require clearing of less than an acre of oak trees. Both alternative routes may provide some habitat for wildlife in agricultural fields and hedgerows. No rare plant or animal species or other significant natural features are known to occur along either route.

Both routes pass through areas containing “prime farmland” soils, as defined by Minnesota Rules 4400.3450, Subp.4. Approximately one mile of the Zumbro Ave. Extension alternative and about one-half mile of the Koeper Ave./130th St. alternative passes through farmed land. The construction of the pipeline may take a strip of land, typically about 30 to 50 feet wide, out of production during construction. Placement of the pipeline through the farmed area along either alternative would not preclude the continued cultivation after construction.

Wetlands have been identified along both alternative routes. The wetlands are generally small, low quality, disturbed systems that may or may not be present within the final alignment of the pipeline. The wetlands generally occur as drainage ditches or ponds constructed for conveying or storing storm water. No high quality, native plant communities were identified in any of the wetlands along either pipeline route corridor. None of the wetlands along either alternative are

classified as MDNR Public Waters as defined by Minnesota Statutes, Section 103G.005, subd 15.

No listed archaeological sites have been identified along either alternative route. The Koeper Ave./130th St. alternative passes to the north of Jackson Township Park, located southwest of the intersection of 130th Street and Marystown Road.

HIGHWAY 169 ALTERNATIVE ROUTE

An alternative route for the portion of the proposed Blue Lake gas pipeline between the Northern Natural Gas Pipeline and the intersection of Koeper Avenue and U.S. Highway 169 was briefly discussed during public meetings. Rather than following the Zumbro Avenue corridor as proposed in the application, the alternative route would parallel U.S. Highway 169 between the intersection of the Northern Natural Gas Pipeline and U.S. Highway 169 to the intersection of Koeper Avenue and U.S. Highway 169. The "U.S. Highway 169 Alternative" would be about one mile longer (for a total of 12 miles long) than the proposed route. The Highway 169 alternative is shown on the enclosed aerial photograph.

Xcel Energy believes the "U.S. Highway 169 Alternative" is less desirable than the proposed route. In addition to the potential for increased environmental impacts described below, the construction, operation and maintenance costs for the alternative are estimated to be about ten percent higher for the "U.S. Highway 169 Alternative" than for the proposed route.

Both alternatives lie entirely in Scott County. The proposed route passes through areas planned for commercial reserve, urban expansion, and rural residential use. The U.S. Highway 169 alternative route passes through areas zoned for commercial/industrial and commercial reserve.

The U.S. Highway 169 alternative would run through or adjacent to at least 40 separate property parcels. At least seven existing residential and six commercial buildings lie within 200 feet of the route. A fifty-unit mobile home park is located southwest of the intersection of U.S. Highway 169 and County Road 69 and would likely require relocation. Displacement of hundreds of tree seedlings would likely be necessary were the route passes through a nursery located at 160th Street and U.S. Highway 169.

The proposed Zumbro Ave. route would run through or adjacent to at least 35 separate property parcels and pass within 200 feet of about 17 residential dwellings. No displacement of structures or commercial operations would be necessary along this route.

The present vegetation along the U.S. 169 alternative is primarily managed and highway ditch areas and commercial/industrial and residential lawns that are dominated by smooth brome. The proposed route is primarily agricultural, specifically corn and hay, and mowed highway right-of-way. Both alternative routes may provide some habitat for wildlife in agricultural fields and hedgerows. No rare plant or animal species or other significant natural features are known to occur along either route.

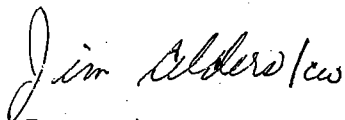
Both routes pass through areas containing "prime farmland" soils, as defined by Minnesota Rules 4400.3450, Subp.4. The construction of the pipeline may take a strip of land, typically about 30 feet wide, out of production during construction. Placement of the pipeline through the farmed area along either alternative would not preclude the continued cultivation after construction.

The proposed alternative would require one stream crossing. The U.S. 169 alternative crosses three streams and would run parallel to a stream for about a mile of its length. Wetlands have been identified along both alternative routes. The wetlands are generally small, low quality, disturbed systems that may or may not be present within the final alignment of the pipeline. The wetlands generally occur as drainage ditches or ponds constructed for conveying or storing storm water. No high quality, native plant communities were identified in any of the wetlands along either pipeline route corridor. None of the wetlands along either alternative are classified as MDNR Public Waters as defined by Minnesota Statutes, Section 103G.005, subd 15.

No listed archaeological sites have been identified along the proposed route. A database search U.S. 169 alternative has not been requested from the SHPO.

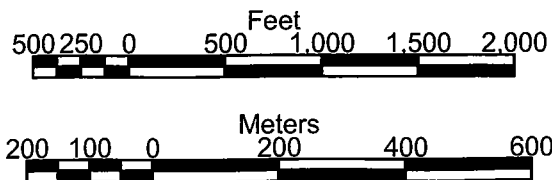
Please call me at (612) 330 6732 if you have any questions regarding this matter.

Sincerely,

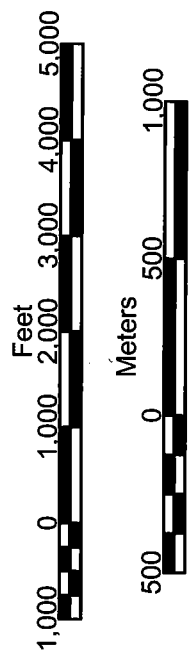
A handwritten signature in cursive script that reads "Jim Alders/cw".

JAMES ALDERS
MANAGER REGULATORY PROJECTS

Enclosure



PROPOSED
GAS PIPELINE CORRIDOR
AND ALTERNATE ROUTE
Xcel Energy
Blue Lake Generating Plant
Expansion Project



PROPOSED
GAS PIPELINE CORRIDOR
AND ALTERNATE ROUTES
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